

110TH CONGRESS
2D SESSION

H. R. 6977

To amend the Truth in Lending Act to protect consumers from usury and unreasonable fees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2008

Mr. TIERNEY introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To amend the Truth in Lending Act to protect consumers from usury and unreasonable fees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Loan Shark Prevention
5 Act”.

6 **SEC. 2. NATIONAL CONSUMER CREDIT USURY RATE.**

7 Section 107 of the Truth in Lending Act (15 U.S.C.
8 1606) is amended by adding at the end thereof the fol-
9 lowing new subsection:

1 “(f) NATIONAL CONSUMER CREDIT USURY RATE.—
 2 The annual percentage rate applicable to any extension
 3 of credit may not exceed by more than 8 percentage points
 4 the rate established under section 6621(a)(2) of the Inter-
 5 nal Revenue Code of 1986, as determined by the Board.”.

6 **SEC. 3. CAP ON FEES CHARGED BY FINANCIAL INSTITU-**
 7 **TIONS.**

8 (a) IN GENERAL.—Chapter 1 of the Truth in Lend-
 9 ing Act (15 U.S.C. 1601 et seq.) is amended by adding
 10 at the end the following new section:

11 **“§ 115. Cap on fees**

12 “The amount of any fee or charge that a creditor may
 13 impose, under the terms of a credit transaction, may not
 14 exceed \$15.”.

15 (b) CLERICAL AMENDMENT.—The table of sections
 16 for chapter 1 of the Truth in Lending Act is amended
 17 by inserting after the item relating to section 114 the fol-
 18 lowing new item:

“115. Cap on fees.”.

19 **SEC. 4. ADVANCED NOTICE REQUIRED BEFORE ANY IMPO-**
 20 **SITION OF A FEE ON CREDIT CARD AC-**
 21 **COUNTS.**

22 Section 127 of the Truth in Lending Act (15 U.S.C.
 23 1637) is amended by adding at the end the following new
 24 subsection:

1 “(i) ADVANCE NOTICE OF IMPOSITION OF ANY FEE
2 REQUIRED.—

3 “(1) FEES.—In the case of any credit card ac-
4 count under an open end consumer credit plan, no
5 fee, including any annual fee, late payment fee, or
6 over-the-limit fee, may be imposed on such account
7 before the end of the 30-day period beginning on the
8 date the obligor receives a specific notice of the im-
9 position of such fee in accordance with paragraph
10 (2).

11 “(2) NOTICE REQUIREMENTS.—

12 “(A) IN GENERAL.—Any notice required
13 under this subsection shall be mailed (or e-
14 mailed, if the consumer has requested to receive
15 such notices electronically) to the obligor sepa-
16 rately from any statement or other notice and
17 without any advertising or other disclosures.

18 “(B) FEE EXPLANATION.—The notice
19 shall include an explanation of how, when, and
20 why a fee will be imposed and what options the
21 obligor may have for addressing the imposition
22 of the fee or any reason for such imposition, in-
23 cluding the prevention of any future imposition
24 of such fee.”.

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